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In the Supreme Court
OF THE
United States

OCTOBER TERM, 1955

No. 357

BERNARD M. WOLFE and FREDERICK J. DANNENFELSER, individuals and co-partners, doing business under the names and styles "Dutch Paint Co." and "Manning-Mitchell Paint Co.",
Petitioners,

vs.

NATIONAL LEAD CO.,
Respondent.

PETITION FOR A WRIT OF CERTIORARI
to the United States Court of Appeals
for the Ninth Circuit.

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BARRY-WALSH PRINTING CO., SAN FRANCISCO, CALIFORNIA

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PETITION FOR A WRIT OF CERTIORARI
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for the Ninth Circuit.

Your petitioners, Bernard M. Wolfe and Frederick J. Dannenfelser, respectfully pray that a writ of certiorari may issue to the United States Court of Appeals for the Ninth Circuit to review a judg-

ment of that Court reversing a judgment of the District Court dismissing respondent's counterclaim for infringement of its registered trademark "Dutch Boy" and for unfair competition, and granting a declaratory judgment in favor of petitioners upon their complaint. The Court of Appeals in reversing the judgment of the District Court directed the issuance of an injunction and the recovery of damages pursuant to this Court's decision in *Mishawaka Mfg. Co. v. Kresge Co.*, 316 U.S. 203.

JURISDICTION.

The jurisdiction of this Court is invoked under Section 240(a) of the Judicial Code as amended by the Act of February 13, 1925, 43 Stat. 938, 28 U.S.C.A., Sec. 1254(1).

The judgment of the Court of Appeals was entered on May 17, 1955. A petition for rehearing was under submission for twenty-five days.

OPINION BELOW.

The opinion of the Court of Appeals appears in the appendix of this petition as Exhibit A.

SUMMARY STATEMENT OF THE MATTER INVOLVED.

Petitioners brought this suit for a declaratory judgment seeking an adjudication that they were not in-

fringing respondent's trademark "Dutch Boy" and that respondent's rights in this trademark did not preclude petitioners from using their trade name "Dutch Paint Co." (which they acquired by purchase of another company that had used the name since 1941) nor their trademark "Dutch Paint" in connection with their paint products. Respondent had sent notices of infringement to petitioners before the action was commenced. However, before the notices of infringement were sent respondent's patent department manager in an interoffice memorandum to its advertising manager said (PX 151):

> "* * * we have no proprietary legal exclusive right to the word 'Dutch' in connection with paint and paint products. 'Dutch' is a geographical name, and as such, it is not registrable as a trademark, but if used exclusively, it may acquire secondary trademark significance. However, our mark is 'DUTCH BOY' and we can only enforce that mark against others under the trademark laws."

This same letter then counselled a "show of force" against petitioners, which is not surprising in view of respondent's "proclivity to unlawful conduct" as evidenced by this Court's opinion against it in *United States v. National Lead Co., et al.*, 332 U.S. 319. The latter case adjudged respondent guilty of violating the antitrust laws in the formation and maintenance of a predatory cartel over titanium pigments, the principal ingredient in the manufacture of paint.

This case was tried in the District Court in November and December of 1950. The trial judge died

before deciding the case. By stipulation another District Judge, Edward P. Murphy, took the case for decision upon the entire written record and exhibits. Judge Murphy heard oral arguments over a period of six days. On July 24, 1952 the case was decided in favor of petitioners.

The principal conclusions adopted by the trial Court were as follows:

(a) Appellees' "trade-mark Dutch Paint" does not infringe appellant's trademark "Dutch Boy", because they "differ in sound, significance and appearance". (Conclusion 3, R. 81.)

(b) The confusion shown at the trial was "not actionable confusion" because it resulted from the use of a descriptive word and because the persons confused were not shown to be "ordinary purchasers". (Conclusions, 10, 12, R. 83.)

(c) Appellant's rights in its registered trademark are limited in scope and do not preclude appellees' use of "Dutch Paint" because "Dutch" is "generically descriptive" and is "incapable of exclusive appropriation" as a trademark for paints, and because appellant has no "preferred right" to "Dutch" alone, through secondary meaning or otherwise. (Conclusion 7, R. 81-82.)

(d) Appellant acquiesced in third-party uses of "Dutch" and in appellees' use thereof, and has therefore abandoned its rights and is estopped to claim infringement or unfair competition. (Conclusions 8 and 9, R. 82-83.)

(e) "Under the facts of this case, * * * it would be unjust for this Court to give defendant judgment on its counterclaim". (Conclusion 11, R. 83.)

The third-party uses of "Dutch" included within subparagraph d above covered uses from 1897 down to 1950 in such marks as "Old Dutch", "Dutch White", "Dutch Kalsomine", "Old Dutch Enamel", "Dutch Standard", "Dutch Masters", "Dutch Enamel", "Holland Dutch", "Dutch Brand", "Amsterdam Old Dutch", "Neu-Dutch", "Dutch Kraft", "Dutch Mill", "Dutchland", "Dutch", "Dutch Maid", "Dutch Process", "Baby Dutch", "Portland Dutch", "Semi-Dutch", "Dutcho" and others.

The advertising of petitioners which the Court of Appeals found so reprehensible was actually carried out in consultation and with acquiescence of respondent's advertising manager. The trial judge established this by personally questioning the advertising manager as follows (R. 2279):

"The Court. I am not exactly clear about this conversation you had with Mr. Wolfe and Dannenfelser. You say that first you objected to their advertising Dutch Paint; is that correct?

A. Yes, sir.

Q. And then Mr. Dannenfelser agreed with you; he said that he felt the use of the words over the radio would cause confusion.

A. Yes, sir.

Q. *Then you agreed with him that you didn't think that the use in an ad would cause confusion?*

A. I said that it might not be confusing.

Q. You didn't change your mind on that—that is what you told him; you didn't change your mind on that until *sometime later* [it was actually sixteen months later] when a lot of these complaints came in, particularly that Tacoma ad?

A. That's right.

Q. *Which was a mistake and used the words 'Dutch Boy' instead of 'Dutch Paint'?*

A. Yes.

Q. Now what I am after from you, is did you go back, send anybody back to tell those two men that you had changed your mind?

A. I did not, sir.

The Court. You did not. That is all I wanted to ask." (Emphasis supplied.)

The Court of Appeals, in total disregard of customary appellate practice, and apparently on the basis of a trial *de novo* (there were approximately 3000 pages of transcript, 450 exhibits, extensive briefing and oral argument before both trial judges) overrode the findings of the trial judge, ignored the cogent evidence of acquiescence, and drew incredible conclusions of fraud, deception and intent to mislead, from all of which it ordered an accounting for damages which means almost certain bankruptcy for petitioners.

Petitioner Bernard M. Wolfe is a graduate of the Naval Academy at Annapolis. Petitioner Frederick J. Dannenfelser is a graduate of its graduate school. Both enjoyed a long and distinguished service in the Navy as highly skilled and competent officers. (R. 937.) Their military work centered at the Navy's

Mare Island, California, paint manufacturing factory during the war. (R. 446-49.) Their plans to enter the marine paint industry were thwarted in 1946 by the shortage of titanium pigment, a commodity which respondent had cartelized (*United States v. National Lead,* 332 U.S. 319) in a series of agreements which included limitation of production. Accordingly they purchased the Dutch Paint Co. for approximately $33,000 in 1946 and thus acquired a going concern which had been selling paint to retail dealers and customers, labelled "Dutch Paint", prior to its acquisition by petitioners.

QUESTIONS PRESENTED.

(1) Whether under the trademark laws the respondent can secure a proprietary monopoly in the word "Dutch" as applied to paint and paint products where

(a) the word "Dutch" is admittedly generically descriptive of a process and a geographical location;

(b) the respondent has acquiesced in third party uses for over several decades;

(c) the respondent has acquiesced not only in petitioners' use of the word "Dutch" but in the actual advertising materials that were used;

(2) Whether the Court of Appeal's order to base damages on this Court's decision in *Mishawaka Mfg. Co. v. Kresge & Co.,* 316 U.S. 203 is a warranted ex-

tension of the decision to cases involving no proof of lost sales and a question of unfair competition rather than direct trademark infringement?

REASONS FOR GRANTING THE WRIT.

The discretionary power of this Court to grant a writ of certiorari is invoked upon the following grounds:

1. The Court of Appeals held that the respondent by virtue of its valid trademark "Dutch Boy" had a proprietary monopoly in the geographic word "Dutch" as applied to paint and paint products. This decision is in direct conflict with the decisions of this Court in *Columbia Mill Co. v. Alcorn*, 150 U.S. 460 and *Hamilton Shoe Co. v. Wolf Brothers*, 240 U.S. 251.

2. The decision is also in direct conflict with the rule announced by the Court of Appeals for the Second Circuit in *Crowell Publishing Co. v. Italian Monthly Co., Inc.*, 28 F. (2d) 613.

3. The substitution by the Court of Appeals of its own inferences and conclusions for those of the trial Court is in direct conflict with the decision of this Court in *U. S. v. Oregon State Medical Society, et al.*, 343 U.S. 326.

4. The Court of Appeals has decided an important question of federal law in a manner which leaves small independent companies at the mercy of larger companies which by sheer economic

strength are permitted to gain proprietary monopoly over geographic and industry words. The great number of paint firms which have used the word "Dutch", alone or in combinations as stated above for over more than half a century, are presumably future victims of what has befallen petitioners. The injury to the public is so manifest as to call for the exercise of this Court's power of supervision.

If a writ of certiorari is issued, petitioners intend to urge that the Court of Appeals for the Ninth Circuit erred:

1. In reversing the judgment of the District Court that petitioners did not infringe the trademark nor unfairly compete with respondent by the acquisition of the Dutch Paint Company nor by using their trademark "Dutch" on their paint products.

2. In ordering an accounting in accordance with this Court's rule in the case of *Mishawaka Manufacturing Co. v. Kresge Company*, 316 U.S. 203.

ARGUMENT.

I. THE COURT OF APPEALS HAS DECIDED AN IMPORTANT QUESTION OF FEDERAL LAW IN CONFLICT WITH THE DECISIONS OF THIS COURT.

Respondent's trademark in the case was "Dutch Boy". For over half a century there had been numerous third parties which had used the word "Dutch" by itself or in combination in connection

with the distribution of paint and allied products. In 1946, petitioners purchased the Dutch Paint Company when the shortage of titanium pigments made the manufacture of marine paints impossible. The Court of Appeals held that appellant's trademark was infringed by the petitioners' use of the word "Dutch". The trial Court had held that "Dutch" and "Dutch Boy" differed in sound, significance and appearance and further held that petitioners' use of "Dutch" was generically descriptive and "incapable of exclusive appropriation" as a trademark for paints and that respondent had no "preferred" right to "Dutch" alone through secondary meaning, or otherwise. The opinion of the District Court would appear to be in consonance, and the opinion of the Court of Appeals contrary to the decision of this Court in *Columbia Mill Company v. Alcorn,* 150 U.S. 460, and in *Hamilton Shoe Company v. Wolf Brothers,* 240 U.S. 251. In the *Columbia* case, this Court held that "Columbia" could not be applied for exclusive use as a trademark because it was a geographical name. The litigants who used the brand name "Columbia" were located in Minneapolis, Minnesota and in Philadelphia, Pennsylvania so that "Columbia" had no immediate geographical significance as far as either party or their products were concerned. It was enough that "Columbia" designated "locality, or section of a country". In like manner, "Dutch" has no immediate geographical significance as far as either the appellant or appellees or their products are concerned, but "Dutch" *per se* designates "locality or section of a country" in the same manner as did "Columbia".

This Court said in connection with the *Columbia Mill* case:

"We are clearly of opinion that there is no error in the judgment of the court below. The general principles of law applicable to trade-marks, and the conditions under which a party may establish an exclusive right to the use of a name or symbol, are well settled by the decisions of this court in the following cases: *Canal Co. v. Clark,* 13 Wall. 311; *McLean v. Fleming,* 96 U.S. 245; *Manufacturing Co. v. Trainer,* 101 U.S. 51; *Goodyear Co. v. Goodyear Rubber Co.,* 128 U.S. 598; *Corbin v. Gould,* 133 U.S. 308; *Lawrence Mfg. Co. v. Tennessee Mfg. Co.,* 138 U.S. 537; *Brown Chemical Co. v. Meyer,* 139 U.S. 540.

"These cases establish the following general propositions: (1) That to acquire the right to the exclusive use of a name, device, or symbol, as a trade-mark, it must appear that it was adopted for the purpose of identifying the origin or ownership of the article to which it is attached, or that such trade-mark must point distinctively, either by itself or by association, to the origin, manufacture, or ownership of the article on which it is stamped. It must be designed, as its primary object and purpose, to indicate the owner or producer of the commodity, and to distinguish it from like articles manufactured by others. (2) That if the device, mark, or symbol was adopted or placed upon the article for the purpose of identifying its class, grade, style, or quality, or for any purpose other than a reference to or indication of its ownership, it cannot be sustained as a valid trade-mark. (3) That the exclusive right to the use of the mark

or device claimed as a trade-mark is founded on priority of appropriation; that is to say, the claimant of the trade-mark must have been the first to use or employ the same on like articles of production. (4) Such trade-mark cannot consist of words in common use as designating locality, section, or region of country.

"The alleged trade-mark cannot, for many reasons, be made the subject of an exclusive private property. First, because it is clearly shown from the proof in the cause that the word 'Columbia', as a brand upon sacks or barrels of flour, was in use long before its appropriation by the complainant.

"It is established by the evidence that as early as 1865 or 1866 a brand was made for Lee & Hollingsworth, owners of the Columbia Mills of Brooklyn, New York, which was placed upon their sacks or barrels of flour, in the form of a circle. The upper part of the circle was formed of the words 'Columbia Mills'. In the middle of the circle, in large letters, was the word 'Columbia', and above and below this word were placed, respectively, '196' and 'XXX'. In the lower arc of the circle were the words 'Family Flour'. The whole brand was printed in black, and was encompassed by a black circular border.

"It is further shown by the proof that the word 'Columbia', before its adoption by the complainant, was used by the Columbia Mill Company of Columbia, Brown County, Dakota; by the Columbia Elevator and Grain Mills of Providence, Rhode Island; by the Columbia Mill Company of Oakland, Indiana; and by S. S. Sprague & Company of Providence, Rhode Island. The word 'Co-

lumbia' having been thus previously appropriated and used upon barrels and sacks of flour, was not subject to exclusive appropriation thereafter by the complainant, so as to make it a valid trademark such as the law will recognize and protect.

"Second. The word 'Columbia' is not the subject of exclusive appropriation under the general rule that the word or words, in common use as designating locality, or section of a country, cannot be appropriated by any one as his exclusive trademark."

The Court of Appeals referred to the *Hamilton* case as supporting its view, but it overlooked the fact that its decision is directly contrary to what this Court said in that case. That case involved the validity of "American Girl" as a registered trademark for shoes. The Court upheld the validity of the mark and distinguished the geographical cases in the following language:

"The cases cited to the contrary are distinguishable. In Canal Co. v. Clark, 13 Wall. 311, 324, the word 'Lackawanna' was rejected as a trademark for coal because it designated the district in which the coal was produced. In Columbia Mill Co. v. Alcorn, 150 U.S. 460, 466, it was held that 'Columbia' could not be appropriated for exclusive use as a trade-mark because it was a geographical name. So, with respect to 'Elgin', as designating watches, Elgin Natl. Watch Co. v. Illinois Watch Co., 179 U.S. 665, 673; 'Genesee', claimed as a trade-mark for salt, Genesee Salt Co. v. Burnap, 73 Fed. Rep. 818; 'Old Country', as a mark for soap, Allen Wrisley Co. v. Iowa Soap

> Co., 122 Fed. Rep. 796. *If the mark here in controversy were 'American Shoes', these cases would be quite in point.*" (Emphasis supplied.)

The last sentence quoted is the distinction which the Court of Appeals failed to draw. That is to say, "The American Girl", as applied to shoes was a fanciful and valid mark. In like manner, "Dutch Boy", as applied to paint products, is a fanciful and valid mark. But "American Shoes", for shoes, is invalid, and it follows that "Dutch Paint", for paint is invalid. Thus, if the respondent's mark "Dutch Boy" is not broad enough in scope to embrace "Dutch Paint", how can the latter infringe the former? The simple answer is that the respondent has no *proprietary monopoly* interest in "Dutch" and there has been no infringement of its registered trademark. As to the "palming off" species of unfair competition, there has been no overt act by petitioners by way of simulating respondent's dress of goods, labels, etc. which would justify a conclusion that there has been such "palming off".

What the Court of Appeals has done then, is to seize upon specific advertisements by petitioners and upon concluding that they were wrong, concluded that all else was wrongful, ignoring the fundamental principles of the law of trademarks and unfair competition that stand for the proposition that this cannot lawfully be a valid conclusion in this case.

The basic error in the case arises in according to the "Dutch Boy" mark, on this record, the scope or

breadth that would preclude petitioners from using the word "Dutch" or "Dutch Paint". The Court of Appeals handled this point by saying:

> "That we have a case here of confusing similarity is very apparent and the facts of the case are not to be distinguished from those in a multitude of decisions finding infringement."

While respondent may have a right to "Dutch Boy" as a mark, it does not have a right to "Dutch" as a mark. The effect of the ruling is to give appellant an unwarranted and unearned *monopoly* in the word "Dutch", *per se,* to the detriment of the public and those of National Lead's competitors (including petitioners) who are legally entitled to use this common term.

In so doing the Court has failed to take into consideration certain fundamental principles of trademark law governing the scope to be accorded a trademark.

Two propositions of law are applicable:

1. If there were prior users of the word "Dutch" at the time of the adoption of "Dutch Boy" or if the word "Dutch" was then *publici juris* because geographical or descriptive, then respondent could never be given, *as a matter of law,* the exclusive appropriation of the word "Dutch" or a right in "Dutch Boy" sufficiently broad to exclude petitioners and others from a use of "Dutch".

2. If it be assumed, *arguendo,* that respondent's adoption of "Dutch Boy" represented the first use

of the word "Dutch" in a trademark sense, but it were shown that numerous third parties had later put the word "Dutch" into use in a trademark sense and respondent did nothing to prevent such third party uses or tacitly or expressly condoned such uses, then respondent has failed to maintain the word "Dutch" as its exclusive property and may not assert a right sufficiently broad to exclude petitioners and others from a use of "Dutch".

The first proposition of law was settled as early as *Columbia Mill Co. v. Alcorn,* supra, in the year 1893, when the Supreme Court stated the rules for the acquisition of a trademark (in part) as follows:

> "(3) That the exclusive right to the use of the mark or device claimed as a trademark is founded on priority of appropriation; that is to say, *the claimant of the trademark must have been the first to use or employ the same on like articles of production.* (4) Such trademark cannot consist of *words in common use* as designating locality, section, or region of country." (Emphasis supplied.)

That the record in this case abundantly shows facts negativing appellant's claim of exclusive appropriation of "Dutch" cannot be denied. There were no less than nine (9) *prior* uses of "Dutch" in 1914 when respondent adopted "Dutch Boy".

The second proposition of law is succinctly put by Callman in *Unfair Competition and Trade Marks* (1945 Ed.) at pp. 1228-29 as follows:

> "A strong mark may be converted into a weak mark if the trademark owner fails to maintain

it as his exclusively, either because he ceases using it, does nothing to prevent its use by others, or, indeed expressly condones its use by others.

* * * * * * *

And it is important in this connection to consider not only whether the trademark *as a whole* retains sufficient distinctiveness but also whether *part* of the mark—*perhaps its dominant feature* —has or has not lost its distinctive quality." (Emphasis supplied.)

This proposition of law stems unmistakably from *Saxlehner* cases (179 U.S. 19, 179 U.S. 43 and 216 U.S. 375), wherein "Hunyadi" in "Hunyadi Janos" was held to have lost its distinctive quality. (cf. 15 U.S.C. 1127 (Sec. 45(b) of the Lanham Act)).

The applicability of the second proposition of law is fully demonstrated by the facts and circumstances surrounding the third party uses of "Dutch", spelled out in detail in the testimony and documentary exhibits, and incorporated in the petition herein.

Were either or both of these propositions of law properly applied in the case at bar the inescapable result would be that, *as a matter of law,* there could be no confusing similarity *in an actionable sense* and respondent's counterclaim would have to be dismissed.

It is respectfully submitted that the Court of Appeals for the Second Circuit in *Crowell Publishing Company v. Italian Monthly Company, Inc.,* 28 Fed. 2d 613, correctly interpreted this law and that the Court of Appeals in this case came to a contrary and incorrect decision.

A. The Mistaken Application of This Court's Decision in the Mishawaka Case.

The root error of the Court of Appeals lies in the conclusion that the respondent has a proprietary interest in "Dutch" as applied to paint products. As a matter of law, there can be no statutory, or technical, trademark infringement here.

If appellees have any liability, it is on the basis of *unfair competition* arising out of acts other than the use *per se* of "Dutch". And the accounting rules of the Mishawaka case are not applicable.

The Court of Appeals itself by way of a per curiam (158 F.(2d) 798, 72 U.S.P.Q. 66) approval of the decision in *Brooks Bros. v. Brooks Clothing of California, Ltd.*, 60 F.S. 442, 65 U.S.P.Q. 301, 316, 317, apparently acquiesced in the language of that case to the following effect:

> *"The Plaintiff has offered no proof of actual loss or injury. He is, therefore, not entitled to damages for unfair competition.* Nor does the decision of the Supreme Court in Mishawaka Rubber & Woolen Company v. S. S. Kresge & Co. call for damages for trade mark infringement. It is to be remembered that the court there was discussing the question of proof. It held that all the plaintiff had to show was proof of sales whereupon the burden shifted to the defendant to show that the 'infringement had no relation to profits made by the defendant.' Again, the majority of the court said very emphatically that the trade mark registrant is not entitled to profits 'not attributable to the unlawful use of his trade mark.'" (Emphasis supplied.)

Judge Yankwich had earlier stated the following, at 65 U.S.P.Q. 306:

> "Some of the principles which apply to trade mark cases do not apply to unfair competition. The law of damages, for instance, calls for proof of actual loss of sales in unfair competition, while in trade mark infringement, presumption of loss is inferred from the proof of use of the mark and evidence. Saxlehner v. Siegel-Cooper Co., 1900, 179 U.S. 42; Straus v. Notaseme Co., 1916, 240 U.S. 179. Horlick's Malted Milk Corp. v. Horluck's, 1932, 9 Cir., 59 F.2d 13, 17 (13 U.S.P.Q. 296, 300), Mishawaka Rubber & Woolen Co. v. S. S. Kresge Co., 1942, 316 U.S. 203 (53 U.S.P.Q. 323)."

In the *Horlick's* case, cited by Judge Yankwich, the Court of Appeals for the Ninth Circuit said (59 F.(2d) 13, 13 U.S.P.Q. 296, 297):

> "Therefore, this suit cannot be maintained on the basis of trade-mark infringement, but must be sustained, if at all, on the basis of diversity of citizenship and unfair competition. United States Printing & Lithograph Co. v. Griggs, Cooper & Co., 279 U.S. 156."

and (13 U.S.P.Q. 300):

> "In view of the fact that there is no evidence of lost sales in this case, we conclude that the plaintiff is not entitled even to an accounting of damages.* * *
>
> "The decree is further modified by striking therefrom the provisions in reference to an accounting for damages."

In an opinion arising out of a hearing on objections by both parties to findings and judgment in the *Brooks* case, supra, the issue was put to the Court of Appeals for the Ninth Circuit as to whether the *Mishawaka* case was now the law in this circuit rather than what it had earlier declared the law to be (68 U.S.P.Q. 41):

> "Coming now to certain specific objections: I arrived at the conclusion that laches bar recovery in a trade mark registration case chiefly on the basis of the decision of the Ninth Circuit Court of Appeals in Golden West Brewing Co. v. Milonas & Sons, Inc., 104 F.2d 880 (42 U.S.P.Q. 185). That decision was rendered in 1939. It precedes the decision of the Supreme Court in Mishawaka Rubber & Woolen Co. v. S. S. Kresge Co., 1942, 316 U.S. 203 (53 U.S.P.Q. 323), which was not announced until 1942. It is arguable that, because of the broad rule there laid down by the Supreme Court, the ruling of the Ninth Circuit Court of Appeals may no longer be the law, and that, sales having been shown, I should have put the defendant to its proof. However, it is best that the Circuit Court of Appeals reconcile its own decision with the decision of the Supreme Court, if there is need for such reconciliation. I adhere to the previous ruling on the subject."

The "proof" rules of the *Mishawaka* case, of course, related to a technical trademark infringement situation (53 U.S.P.Q. 324):

> "Deeming the matter to present an important question under the Trade Mark Act, we brought the case here, 314 U.S. 603 (51 U.S.P.Q. 545),

> solely to review the provisions of the decree dealing with the measure of profits and damages for the infringement found by the two lower courts. Whether there was such an infringement as to entitle the petitioner to the remedies provided by the federal trade mark laws is therefore not open here."

The question is thus presented as to whether 15 U.S.C. 1117, 1126(b), 1126(h), and 1126(i), taken together, entitle the respondent here to an accounting for damages and profits, when there is no technical infringement, no acquired secondary meaning in "Dutch", and only unfair competition if there be such, arising out of "false" newspaper advertising. Petitioners respectfully submit it is a question requiring adjudication by this Court in view of what the Court of Appeals has done here.

CONCLUSION.

The ruling of the Circuit Court of Appeals for the Ninth Circuit in the case at bar is manifestly erroneous and against public policy. The questions both of trademark infringement and the damage questions raised by the application of the *Mishawaka* case are of paramount public importance. In conflict with the decisions of this Court and of the Court of Appeals for the Second Circuit, the Court of Appeals for the Ninth Circuit has set aside a judgment in favor of respondent by substituting its inferences for those of the trial Court and by imposing a

novel application of the *Mishawaka* case to a set of facts which place all of the companies throughout the country using the word "Dutch" in connection with the distribution of their products at the mercy of National Lead Company. It is therefore respectfully urged that this petition for writ of certiorari be granted.

Dated, San Francisco, California,
August 15, 1955.

Respectfully submitted,
JOSEPH L. ALIOTO,
Attorney for Petitioners.

(Appendix Follows.)

Appendix

United States Court of Appeals
for the Ninth Circuit

NATIONAL LEAD COMPANY, *Appellant,* vs. BERNARD M. WOLFE and FREDERICK J. DANNENFELSER, individuals and co-partners doing business under the firm name and styles of Dutch Paint Company, and Manning-Mitchell Paint Company, *Appellees.*	No. 13,737

JUDGMENT

Appeal from the United States District Court for the Northern District of California, Southern Division.

This Cause came on to be heard on the Transcript of the Record from the United States District Court for the Northern District of California, Southern Division and was duly submitted.

On Consideration Whereof, It is now here ordered and adjudged by this Court, that the judgment of the said District Court in this Cause be, and hereby is reversed, with costs in favor of the Appellant and against the Appellees, and that the said cause be, and

hereby is remanded to the said District Court with directions to dismiss the appellees' complaint, to grant to the appellant an injunction as prayed for in its answer and counterclaim, and to proceed to take an accounting of the appellees' profits, and to determine appellant's damages as directed in the opinion of this Court.

It Is Further Ordered and adjudged by this Court, that the Appellant recover against the Appellees for its cost herein expended and have executed therefor.

Filed and entered: May 17, 1955.

United States Court of Appeals
for the Ninth Circuit

NATIONAL LEAD COMPANY,
Appellant,

vs.

BERNARD M. WOLFE and FREDERICK J. DANNENFELSER, individuals and co-partners doing business under the firm name and styles of Dutch Paint Company, and Manning-Mitchell Paint Company,
Appellees.

No. 13,737
May 17, 1955.

Appeal from the United States District Court for the Northern District of California Southern Division.

Before DENMAN, chief Judge, and POPE, Circuit Judges, and BYRNE, District Judge.

POPE, Circuit Judge:

The plaintiffs-appellees, citizens of the State of California, brought a suit for declaratory relief against the defendant-appellant, a New Jersey corporation, praying for an adjudication that the plaintiffs' use of the words "Dutch", "Dutch Paint Company" and "Dutch Paint" in connection with the paint and paint products manufactured and processed by them does not infringe the rights of appellant in its trade mark "Dutch Boy".

Appellant, by counterclaim, alleged its prior adoption and use of the trade mark "Dutch Boy", the registration of this mark, for paint products, in the United States Patent Office in 1937; that it has built up a large and profitable business in its products identified with that trade mark and has spent large sums in advertising it; that since 1949 the appellees, with knowledge of appellant's trade mark, have used the words "Dutch Paint Company", "Dutch" and "Dutch Paint" in connection with their manufacture and advertising of paint products in a manner calculated and liable to confuse and deceive the public in believing that appellees' products are manufactured by or originate with the appellant; that this was unfair competition as well as infringement of appellant's trade mark and its registration.

Upon this counterclaim the appellant sought an injunction against further use by the appellees of the words objected to; an "accounting of profits from the alleged infringement of the trade mark, and an award of damages."

The case was tried and all testimony taken before Honorable Herbert W. Erskine, District Judge, who died before he could make or file any findings in the case. By agreement of the parties the cause was submitted to the Honorable Edward P. Murphy upon the record of the testimony and other evidence previously presented to Judge Erskine. The court made findings of fact and entered a judgment in favor of the appellees as plaintiffs and dismissed the appellant's counterclaim. Upon this appeal the specifica-

tions of error in the main assert the right of appellant to have judgment upon this counterclaim.

The record shows that the appellant is a large and well known manufacturer of paint and paint products which it has sold to the trade and the consuming public throughout the country for more than 40 years. In 1907 it adopted a picture of a Dutch boy as its trade mark for white lead. Subsequently it commenced using the words "Dutch Boy" in its advertising and these words were applied successfully to linseed oil, red lead paint, white lead paint, flatting oil, wall primer and other paint products. The word trade mark "Dutch Boy" was registered in the Patent Office in 1937 for a number of paints and paint products including inside and outside paints, primers, undercoats, lacquers and varnishes. All these uses antedated by a considerable number of years the appellees' entry into the paint business. In connection with its sales of Dutch Boy paints appellant made very large expenditures devoted to advertising its Dutch Boy trade mark. Its products were shown to be regularly sold through independent dealers as well as through its 39 retail stores. There were some 1200 of these dealers in the eleven Pacific Coast states. Appellant's sales of paint products bearing this trade mark have aggregated over six hundred million dollars and it has expended in excess of nineteen million dollars in national advertising.[1]

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[1]The findings reflect the difficulty of the trial judge in dealing with a record of evidence none of which he had heard from the lips of witnesses. Thus he appears to have overlooked the extensive testimony, uncontradicted, as to the many years of selling and

The appellees on the other hand entered the paint business in 1946 after their discharge from the Navy where they had had some training in connection with the naval paint program. After initiating the paint business and incorporating their enterprise under the name of Manning-Mitchell, Inc., they had some dif-

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advertising Dutch Boy paints, long prior to the appellees' commencement of the business, and limited himself on this subject to a finding as follows: "The earliest national advertisement of the 'Dutch Boy' blue and white label products was in 1947, and the earliest reference to 'Dutch Boy' paints as distinguished from white lead, in defendant's national advertising, occurred in 1950". The impression given is that appellant did not begin to advertise its paints, and particularly its mixed ready to use paints, at least on the national scale, until 1947 or even 1950.

The record is quite otherwise. As appears from the deposition of appellant's advertising manager, since 1913 appellant had been promoting the sale, on a national scale, of ready mixed paint bearing conspicuous labels with its trade mark. In the early 1930's ready mixed paints called "Colors in Oil" were sold throughout the country under the conspicuous Dutch Boy label. Its 1937 trade mark registration was for numerous paints and paint products including "ready mixed paints for exterior use" and "ready mixed paints for interior use". Beginning in 1918 what were known as "flatting paints" were sold under the Dutch Boy trade mark; and in the years between 1930 and 1940 similar Dutch Boy labels were applied to white lead paint, lead mixing oil, gloss enamels, varnish, quick drying enamel, enamel undercoat, semi-gloss, flat wall paint, wall primer, one coat flat wall base and liquid dryer. The record includes numerous photographs of samples of appellant's paint containers bearing the Dutch Boy label as distributed nation-wide in the years prior to 1940. Some of these were on products such as linseed oil and flatting oil, apparently for use of professional painters in mixing paint, but many of them are of mixed ready for use paints designed for sale to the consumers such as "Dutch Boy Outside White", "Dutch Boy Satin Egg-Shell", "Dutch Boy Interior White".

Since 1938 appellant produced a full line of more than 30 types of ready mixed paints, each in a variety of colors, and all particularly designed for consumers' use. All were displayed bearing this label among the stocks of independent dealers nation-wide as well as in the company's own retail stores. These products were pushed with particular vigor in the area west of the Rocky Mountains. About 1930 appellant took over a concern

ficulty in procuring raw materials for their marine paints. Then in the same year they acquired for some $9,000 a partnership concern known as "Dutch Paint Co." at San Francisco which operated a small paint factory and which had on hand some labels marked "Dutch Paint".[2] Thereafter the appellees

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manufacturing a full line of paints known as Bass-Heuter of San Francisco, and thereafter put out the full line of paint products of that concern using the Dutch Boy label thereon with a smaller insert marked "formerly Bass-Heuter".

During the period following 1914 appellant advertised its trade mark products by distributing for use of painters millions of "wet-paint" signs bearing the Dutch Boy trade mark. From 1928 on it advertised its Dutch Boy products in approximately 200 newspapers throughout the country of which 40 or 50 were on the Pacific Coast. Displayed in the record are exhibits of circulars advertising Dutch Boy painters' products which were distributed to dealers throughout the country in quantities aggregating hundreds of thousands. During this period the Dutch Boy trade mark was advertised in national magazines such as the Saturday Evening Post and Colliers, and in the farm journals.

The independent dealers in Dutch Boy paint were furnished fluorescent and Neon signs. At least 30,000 of such signs have been distributed since 1915, about 15% of which were installed at the stores selling the products on the Pacific Coast. Mammoth Neon signs bearing the trade mark were located for outdoor advertising at places of maximum automobile traffic in New York, Los Angeles, Buffalo, Philadelphia, St. Louis, Chicago, Pittsburg, Cleveland and Cincinnati.

The case was tried in 1950 and the appellant's advertising manager in testifying produced color advertisements currently appearing that year in national magazines bearing the phrase "Dutch Boy Paints". The unfortunate reference in the quoted finding to the year 1950 is based upon the testimony of appellant's advertising manager that "that particular phrase" first appeared in those 1950 advertisements. The result of this wholly unwarranted finding is that it gives an erroneous impression that appellant had only "come lately" with its trade mark into the mixed paint field.

[2]The district court's findings erroneously recite that this Dutch Paint Co. had been producing "Dutch Paint" since 1941. There is no evidence upon the subject other than that "Dutch Paint Co." was listed in the telephone book from 1941 on. When it began producing, or when it made its "Dutch Paint" labels, does not appear.

formed a new corporation called "Dutch Paint Company" and continued to increase the manufacture and sale of household and other paints using labels and other marks with the names "Dutch" and "Dutch Paint". It is of this use that appellant complains in its counterclaim.

The record shows beyond possible controversy that the appellants had a trade mark valid both at common law and under the applicable federal acts.[3] Neither the word "Dutch", nor the words "Dutch Boy" are used otherwise than in a fictitious, arbitrary and fanciful manner. Of course the word "Dutch" is capable of being used as a geographical term. If used to indicate a product made in Holland or by some Dutch process, it could be a descriptive term. However, the record shows without doubt that appellant's trade mark does not contain words having either a geographical or descriptive sense. In this respect the case is governed by Hamilton Shoe Company v. Wolf Brothers, 240 U.S. 251, where the court said: "We do not regard the words, 'The American Girl', adopted and employed by complainant in connection with shoes of its manufacture, as being a geographical or descriptive term. It does not signify that the shoes are manufactured in America, or intended to be sold or used in America, nor does it indicate the quality or characteristics of the shoes. Indeed, it does not, in its primary signification, indicate shoes at all. It

[3]Although the record discloses no attack on the registration of appellant's trade mark, the trial court failed to make any finding thereon, or even to note the fact of registration in the findings.

is a fanciful designation, arbitrarily selected by complainant's predecessors to designate shoes of their manufacture. We are convinced that it was subject to appropriation for that purpose, and it abundantly appears to have been appropriated and used by complainant and those under whom it claims. . . . 'The American Girl' would be as descriptive of almost any article of manufacture as of shoes; that is to say, not descriptive at all."

Here there is no likelihood that the use of the name "Dutch" or "Dutch Boy" in connection with the appellant's goods would be understood by purchasers as representing that the goods or their constitutent materials were produced or processed in Holland or that they are of the same distinctive kind or quality as those produced, processed or used in that place.[4]

The record and briefs do not disclose any assertion on the part of the appellees that appellant's trade mark

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[4]See comment on Subdivision (a) of §720 Restatement of Law of Torts, as follows: "Arbitrary or fanciful use. The reasons for the rule that geographical names cannot be trade-marks do not weigh heavily when the geographical name has obviously only an arbitrary or fanciful significance in connection with the goods upon which it is used. Thus Gibraltar may be a trade-mark for automobiles since there is no likelihood that such use of the name would lead purchasers to suppose that there is any particular relation between the automobiles and the geographical locations known by that name, or any likelihood that it would seriously interfere with the freedom of merchants at Gibraltar to use that name. Again, Ethiopian may be a proper trade-mark for ladies' stockings; for, while suggestive of a certain color and sheen, it is only fancifully so and there is no likelihood that other merchants may have occasion properly to use the name Ethiopia on stockings since there is no factor of importance associating stockings with Ethiopia. Such is also the case of Pacific for bread or Arctic for refrigerators."

was wholly without validity. Appellees however contend that the mark is not a "strong" but a "weak" mark, citing as their authority for this position this court's decisions in Sunbeam Furniture Corporation v. Sunbeam Corporation, 191 F. 2d 141, and Sunbeam Lighting Co. v. Sunbeam Corporation, 183 F. 2d 969. We find no resemblance between this case and our Sunbeam cases for in those cases it was pointed out that the name Sunbeam was "a meaningful word, a joyful word, a word of comfort, and of health." It was therefore held that its use was not sufficiently fanciful to warrant the granting of an injunction not merely against the use of the term "Sunbeam" on the defendants' lamps but against the use of the firm name "Sunbeam Furniture Corporation."

The fact that "Dutch" as a dictionary term has a geographical significance and that it would be possible for a manufacturer to use that word in connection with his business in its primary geographical sense is beside the point here. Thus one who manufactures paint in Holland cannot be restrained from selling his product as "Dutch" paint any more than a watch manufacturer in Switzerland can be prevented from selling his "Swiss" watches. No use of the word "Dutch" in a geographical sense is involved here for neither appellant nor appellees are marketing products or goods "likely to be understood by purchasers as representing that the goods or their constituent materials were produced or processed in the place designated by the name or that they are

of some distinctive kind or quality as the goods produced, processed or used in that place."[5]

The distinction is well made by the Supreme Court in Hamilton Shoe Company v. Wolf Brothers, supra, where it contrasted with the valid use of "The American Girl" the suppositious use of a mark "American Shoes". As the appellees are not making their paints in Holland or using any Dutch processes or giving them any distinctive Dutch quality, the fact that others might have done so is of no significance in this case. There is no question also that "Dutch" has certain descriptive meanings. Thus "Dutch Kalsomine Brushes", the record shows, are paint brushes of a special construction; "Dutch White" and "Dutch Blue" are terms describing certain colors under which some paints are sold although not those of the appellees; "Dutch Process", or "Old Dutch Process" is a means of making white lead used in Holland and some manufacturers of white lead use that process and make reference to it on their labels; "Dutch Enamel" is a term descriptive of a kind of enamel first developed in Holland. Neither appellant nor appellees are engaged in the untilization of any such processes and the words "Dutch"; "Dutch Paint", or "Dutch Paint Company" used by appellees are not claimed to have any relation to any product now or ever made in Holland or any process, color, or other description related to Holland or the Dutch.

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[5]The words quoted are taken from Restatement of Torts, §720 (a).

We conclude therefore that the appellant's trade-mark was one entitled to full protection both under the rules of the common law and under the federal acts.[6]

Under the rules and decisions generally applicable, the appellees' use of the terms here complained of would constitute an actionable infringement of the appellant's trade-mark. We note here, in connection with appellees' competing business, the use of a designation which is "confusingly similar to the [appellant's] trade name."[7] Under §32 of the Lanham Act, (15 U.S.C.A. §1114) to the protection of which appellant is entitled, the infringement is the use, without the registrant's consent, of "any registered mark in connection with the sale, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive purchasers as to the source or origin of such goods or services. . . ."

That we have a case here of confusing similarity is very apparent and the facts of the case are not to be distinguished from those in a multitude of de-

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[6]It was alleged in the counterclaim and admitted in the response that a valid registration of the mark "Dutch Boy", obtained under the Act of February 20, 1905, is entitled to the benefits and remedies provided under the Lanham Trade-Mark Act of July 5, 1946, 60 Stat. 427, by virtue of §46(b) of that Act. The section mentioned provides that "registrations now existing under . . . the Act of February 20, 1905 shall continue in full force and effect for the unexpired terms thereof. . . . Such registrations and the renewals thereof shall be subject to and shall be entitled to the benefits of this Act [with certain exceptions not here applicable]."

[7]The quoted words are from Restatement of Torts, §717(1)(a).

cisions finding infringement. Among those cases are Armstrong Co. v. Nu-Enamel Corporation, 305 U.S. 315; Brooks Clothing of California v. Brooks Bros., 9 cir., 158 F. 2d 798, adopting opinion 60 F. Supp. 442; Lane Bryant Inc. v. Maternity Lane, 9 cir., 173 F. 2d 559. Here there is confusing similarity between the appellant's trade-mark and the words used by the appellees in respect to appearance, sound and meaning. The great mass of cases cited by Callman in §82.1 of his work on Unfair Competition and Trade-Marks, 2d Ed., in which confusing similarity in sound, appearance or meaning, or in some of these respects, was found to exist, make it clear that in using the words "Dutch", "Dutch Paint", or "Dutch Paint Company" in connection with their products, appellees are guilty of infringement of the appellant's trade mark. The evidence here satisfies the standards of proof set forth in Mershon v. Pachmayr, 9 cir., ... F. 2d ....., (March 14, 1955): "There is ample evidence in the case to require the finding that there was material confusion just as the court said there would be, and that there was strong likelihood that there would be confusion, although actual confusion is not essential in the proof of infringing a trade-mark."[8]

However, the appellant produced a mass of evidence which was uncontradicted showing some 290 instances in which paint dealers, painters, industrial users of paints and retail customers were actually deceived or misled by the appellees' use of "Dutch",

[8]See the discussion in Callman, Unfair Competiion in Trade-Marks, 2d Ed., §§82.3 and 80.6.

"Dutch Paint", "Dutch Paint Company", and by their advertisements, into believing that appellees' paints were actually the appellant's Dutch Boy paints. This evidence of actual confusion showed that it occurred in some 20 communities in California, and in communities in Washington, Oregon, Idaho, Utah, Wyoming, and Nevada, and even in Hawaii. Some of these witnesses were experienced painters or construction superintendents; others were individual consumers purchasing for their own use. Testimony was given by some of appellant's dealers and employees who related many instances of confusion on the part of the consumers visiting the stores. In addition there was substantial testimony that dealers in paints who were accustomed to purchase paint at wholesale, were confused into believing that the appellees' "Dutch Paint" was appellant's "Dutch Boy Paint".

Notwithstanding this extensive proof not only of likelihood of confusion but of actual confusion as well, and notwithstanding the evidence was uncontradicted, the trial court found that there were no purchasers who were confused[9] as between defendant's and plaintiffs' products and concluded that there was a lack of similarity because the names differed in sound, significance and appearance. We are unable to perceive how the court could have made such a

[9]Apparently appellees have abandoned any effort to sustain this finding of no confusion, for speaking of the testimony of appellant's witnesses on this point, appellees' brief says that "it is apparent that the presence of the common word "Dutch" was the sole cause of their several mistakes."

finding in the light of this record. The court's findings upon this point are clearly erroneous.

The record also shows that not only did the appellees beginning in 1946 adopt these confusingly similar names but shortly thereafter the method of advertising their paint showed that their continued use of these names and the passing off of their products thereunder was intentionally false and misleading and done with a purpose on their part of deceiving prospective purchasers. Thus appellees advertised "New Lower Than Pre-War Prices on Dutch Paint". The facts were, as appellees knew them, that their Dutch paints were not in business before the war and they had no pre-war prices. They also knew that the appellant's Dutch Boy paint had been sold long prior to the war. They also advertised "How Can $2.95 Buy $6 Paints?", offering their Dutch paint "at approximately 50% of the normal price". Appellees never sold $6 paints; $2.95 was their normal price, although it was approximately 50% of the normal Dutch Boy price. They advertised "Quality Famous Dutch Paint" which they represented as selling for half price at $2.95.

The proof of this deliberately false and misleading use of advertising in connection with the appellees' own infringement, has an important bearing upon the inferences to be drawn with respect to the existence of confusion. The rule respecting the consequences of this intent to deceive was stated in My-T-Fine Corporation v. Samuels, 2 cir., 69 F. 2d 76, 77, as follows: "But when it [intent to deceive]

appears, we think that it has an important procedural result; a late comer who deliberately copies the dress of his competitors already in the field, must at least prove that his effort has been futile. Prima facie the court will treat his opinion so disclosed as expert and will not assume that it was erroneous. . . . He may indeed succeed in showing that it was; that, however bad his purpose, it will fail in execution; if he does, he will win. . . . But such an intent raises a presumption that customers will be deceived."[10]

Appellees attempt to meet the appellant's showing of infringement by setting up defenses of laches, acquiescence and estoppel. The record does not sustain any of them.

The record is that early in 1947, a then partner and associate of the appellees assured the appellant's manager that they intended to discontinue their use of the name "Dutch" as soon as they had exhausted their supply of labels. In March, 1948, there was a discussion between appellant's advertising manager and the appellees in which the former discussed with appellees the question of the appellees abandoning the use of the word "Dutch". The advertising manager testified that appellees indicated their intention to

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[10]To the same effect see comment "f" to §729(b) Restatement of Torts: "But if he adopts his designation with the intent of deriving benefit from the reputation of the trade-mark or trade name, his intent may be sufficient to justify the inference that there is confusing similarity." See also Safeway Stores v. Dunnell, 9 cir., 172 F. 2d 649, 656: "Dunnell, with his eyes open thus chose to seek the benefit of Store's vast expenditure for advertising on the chance that it might prove enjoinable." Cf. Stork Restaurant v. Sahati, 166 F. 2d 348.

drop this brand as soon as there was an ample supply of raw materials for other kinds of paints. The appellees' version of the conversation is that the manager asked them if they had thought of abandoning the use of the word "Dutch" and they replied that they could not do so as they were obliged to manufacture Dutch paints because of pigment shortage.

Whichever be the correct version, plainly appellant was endeavoring to canvass the possibility of removing the infringement in 1948. The suit was begun in October, 1949. The attempted proof of laches is too trivial to require serious consideration. In the light of the intentional and fraudulent use of appellant's trade mark, the defense here is a frivolous one. Menendez v. Holt, 128 U.S. 514, 523.

The claim of acquiescence is equally groundless. Thus, it is argued that on the occasion previously mentioned when the advertising manager of appellant met with the appellees, the manager confined his objections to certain radio advertising on a Sacramento radio station; but that the failure of the advertising manager to make additional objections particularly to the newspaper advertisements which appellees were running, and his failure to make a stronger showing of force against the use of the word "Dutch Paint" in connection with appellees' product, amounted to an acquiescense.[11]

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[11]This was the occasion previously mentioned on which, according to the testimony of both appellees, appellant's representative asked them "Have you ever given any thought to abandoning the use of the word 'Dutch'?" It was appellant's version of this conversation that appellees indicated an intention ultimately to

The record also shows that some of the appellant's employees and salesmen during the years 1946-1947-1948 occasionally visited the appellees' offices and knew that the word "Dutch" was displayed on signs and paint cans. There was also produced at the trial a letter written by one Kaegebehn, the manager of appellant's patent department, to the appellant's advertising manager. This contained a statement that "Dutch" is a geographical name, and as such, is not registrable as a trademark, but if used exclusively, it may acquire secondary trademark significance. However our mark is Dutch Boy and we can only enforce that mark against others under the trade mark laws." The writer of the letter was not a lawyer, the letter was an intra-company communication, never addressed to anyone outside the appellant company, and there was no reliance upon it by appellees. Cf. Aunt Jemima Mills Company v. Rigney & Co., 2 cir., 247 F. 407.[12]

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drop the Dutch Paint brand and to go into a line of marine paints. Disregarding appellant's version, it is plain that the parties then discussed the matter of appellees giving up the use of the Dutch Paint name.

[12]Appellees learned of this letter only after the action was begun, and through discovery processes. It was not even admissible in evidence. Overlooking this, and the rule of the Aunt Jemima Mills case, the trial court appears to have attached considerable significance to it for its finding 33 reads: "Mr. C. F. Kaegebehn, Manager of defendant's Patent Department, admitted that National Lead Company did not have 'proprietary legal exclusive right to the word "Dutch" in connection with paint and paint products,' the while suggesting that a 'show of force' by defendant be used in lieu of such right." Actually, in the same letter, Kaegebehn was urging the company representative to which it was addressed to advise all persons using the phrase Dutch Paint that the company was prepared to enforce its legal rights "to the utmost". The letter can have no significance in support of a claim either of acquiescence or of estoppel.

Appellees began their use of the words here objected to in 1946. In 1947 they gave assurance they would shortly discontinue this use. In March, 1948, appellant was negotiating with appellees in an effort to procure a promise to discontinue. Formal notice of infringement was given in July, 1949, and the suit begun in October of the same year. Laches, acquiescence, or estoppel are wholly wanting here.

The appellees attempted to show that a large number of other persons had used the name "Dutch" or some combination thereof in connection with sales of paint, and it is contended that the showing made in this respect justifies the trial court's findings and judgment against the appellant's claim of a valid trade mark and infringement thereof. The suggestion is that these third party uses of the term "Dutch" in the paint industry have been so numerous and so general that the mark must be held to be a weak mark within the meaning of the Sunbeam cases, supra, and further, that the term "Dutch" has become *publici juris* as in the cases of "aspirin" and "cellophane".[13]

Appellees have attached to their brief in this court a tabulation which was an exhibit in the court below showing uses which third parties, manufacturers or dealers in paint have made of names which include the word "Dutch". Substantially the same information was portrayed in a photograph which was also an exhibit and which showed in color paint cans to which were attached labels with trade marks using

[13]Bayer Co., Inc. v. United Drug Co., 272 F. 505; Du Pont Cellophane Co. v. Waxed Products, 85 F. 2d 75.

the word "Dutch". A study of the 39 listed uses of the word "Dutch" reveals that some of them are duplications, some relate to uses discontinued many years ago, some were used but to a limited extent and in single communities or limited localities far from the Pacific Coast to which appellees' operations were confined, and for the most part in the eastern portion of the United States,[14] and some with respect to which there was no proof of any sale whatever; some relate to non-paint products such as floor wax. The remaining proven third party uses of the word "Dutch" in connection with paint sale or manufacture[15] are too inconsequential to establish a claim of *publici juris* or the claim that appellant's mark has become a weak mark or to justify on any other theory the acts of these appellees. It may be that some of these third persons may also have been guilty of

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[14]As an example of this sort of thing, "Dutch Mill", No. 19 on the tabulation mentioned, was a label used on one paint item in an Albany, N. Y., store. Appellant had never heard of it until after this suit started.

[15]In the Pacific Coast area Uhl Bros. Inc. of Los Angeles and San Francisco sold paint under 23 different labels, one of which was "Old Dutch"; Tibbetts Corporation of Los Angeles manufactured and sold paint under 8 different names or labels, one of which was "Royal Dutch"; Security Paint Manufacturing Company of Los Angeles made paint under four names or brands one of which was "Royal Dutch"; and about a year before the trial appellees found a can of paint in a Standard Brands Paint Store in Los Angeles bearing a label marked "Dutch Mill Paint". These four cases made up the whole of the showing of such third party uses in this area. The Uhl Bros. "Old Dutch" label had been made for ten years prior to 1950, but the Tibbetts "Royal Dutch" represented a relatively small volume of that concern's sales; the brand had never been advertised, and one dealer carrying Tibbetts' paints had never heard of it. The date given for first use of Security Paints' "Royal Dutch" was 1944 or 1945. No date or source of manufacture was given for the label found in the Los Angeles store apparently after the suit was begun.

wrongful infringement, but such would not be a defense or justification for the appellees. It is no excuse for them to say that others have been guilty of the same wrong. Del Monte Special Food Co. v. California Packing Corp., 9 cir., 34 F. 2d 774; Potter-Wrightington Inc. v. Ward Baking Co., 1 cir., 298 F. 398, affirming 288 F. 597. Uses of the offending word in local areas in the East are no justification for acts of appellees on the Pacific Coast.[16]

The findings of the trial court fail to note that these third party uses fall into these various categories. The court failed to note that, as earlier here indicated, no one questions the possibility of using the word "Dutch" in a geographical or descriptive sense. Some of the third party uses listed in the findings, without noting this distinction, were instances where such proper and unobjectionable uses were made, as in the case of "Dutch Kalsomine", "Dutch White", "Old Dutch" process. Again there was no breakdown of those uses which were local and far distant from the area of appellees' user. And since the trial court's findings were based upon the same cold record which is before us, we are "in as good a position as the trial court was to appraise the evidence."[17] We find no evidence to warrant a holding that appellant's trademark had become *publici juris,* or that the word

[16]Thus even if appellant were unable, under the rule in United Drug Co. v. Rectanus, 248 U.S. 90, to obtain injunctions in those local areas, that fact would not affect its right to relief elsewhere.

[17]The quoted words are from Equitable Life Assur. Soc. v. Irelan, 9 cir., 123 F. 2d 462, 464. In accord Orvis v. Higgins, 2 cir., 180 F. 2d 537, 539; United States v. Fotopulos, 9 cir., 180 F. 2d 631.

"Dutch", when used as appellees have done, was *publici juris*. The third party uses as are shown are not such as would permit an inference of acquiescence. We find here no evidence that an originally distinctive mark changed or developed into a generic term.

There is also a contention that there was an abandonment of the trade-mark by the appellant. No evidence thereof appears in this regard for there was no evidence of any intent whatever to abandon. Saxlehner v. Eisner & Mendelson Co., 179 U.S. 19, 31.

What we have said heretofore has in terms referred to the trade-mark infringement. That, however, is but one aspect of the larger field of unfair competition. It requires no extended discussion in view of what we have said to demonstrate that the acts here complained of are not ony an infringement of trademark but they constitute acts of unfair competition. The law is stated in Weinstock, Lubin & Co. v. Marks, 109 Cal. 529, 541, 42 Pac. 142: "* * * Upon what principle of law can a court of equity say, 'If you cheat and defraud your competitor in business by taking his name, the court will give relief against you, but, if you cheat and defraud him by assuming a disguise of a different character, your acts are beyond the law?' Equity will not concern itself about the means by which fraud is done. It is the results arising from the means,—it is the fraud itself,—with which it deals. The foregoing principles of law do not apply alone to the protection of parties having trademarks and trade names. They reach away beyond that, and apply to all cases where fraud is practiced

by one in securing the trades of a rival dealer; and these ways are as many and as various as the ingenuity of the dishonest schemer can invent."[18]

In order to make out a case of unfair competition, it is only required that the natural and necessary consequence of appellees' conduct in this respect was such as to cause deception.[19] The case of Ross-Whitney Corp. v. Smith Kline & French Lab., 9 cir., 207 F. 2d 190, sufficiently demonstrates that wholly apart from trade-mark infringement, the appellant had here made out a case of unfair competition and that the court below had jurisdiction thereof.

In view of the demonstration in the court below that the appellees' use of "Dutch Paint" and "Dutch Paint Company" was by false and misleading advertising, and the consequent demonstration that there was a deliberate and intentional design to cause confusion and mistake and to deceive purchasers, the conclusion must be that whether the cause be viewed as one of unfair competition or as one of infringement of a registered trade-mark, appellant is entitled not merely to relief by injunction but to an accounting of profits and damages as well. "But where an in-

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[18]This and other California cases relating to unfair competition were cited by this court in Lane Bryant, Inc. v. Maternity Lane, 173 F. 2d 559, 563.

[19]"If the natural and necessary consequence of said defendant's conduct in this respect was such as to cause deception, said defendant, knowing the facts, must be held to the same responsibility as if it acted under the honest impression that no right of the plaintiff was invaded." As quoted in Lane Bryant, Inc. v. Maternity Lane, supra, p. 564, from Dodge Stationery Company v. J. S. Dodge, et al., 145 Cal. 380, 78 P. 879. Cf. Straus v. Notaseme Co., 240 U.S. 179.

junction is had against unfair competition, willfully conducted by the defendant with knowledge of the plaintiff's rights, an accounting normally follows." Matzger v. Vinikow, 9 cir., 17 F. 2d 581, 584.

As for appellant's rights under the trade-mark acts, since this is not a case where there has been "no showing of fraud or palming off", (cf. Champion Plug Co. v. Sanders, 331 U.S. 125, 131), but where the showing is quite to the contrary and the intentional misleading has been demonstrated, appellant is entitled not merely to an injunction as prayed for but to an accounting of appellees' profits and a recovery of any damages sustained under the provisions of Title 15 U.S.C.A. §1117, pursuant to the rule of Mishawaka Mfg. Co. v. Kresge Co., 316 U.S. 203.

Accordingly the judgment is reversed and the cause is remanded with directions to dismiss the appellees' complaint, to grant to the appellant an injunction as prayed for in its answer and counterclaim, and to proceed to take an accounting of the appellees' profits, and to determine appellant's damages as directed in this opinion.

(Endorsed:) Opinion. Filed May 17, 1955.

Paul P. O'Brien, Clerk.

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SEP 16 1955
HAROLD B. WILLEY, Clerk

IN THE

Supreme Court of the United States

OCTOBER TERM, 1955

No. 357

BERNARD M. WOLFE and FREDERICK J. DANNENFELSER, individuals and co-partners, doing business under the names and styles "Dutch Paint Co." and "Manning-Mitchell Paint Co.,"

Petitioners,

vs.

NATIONAL LEAD CO.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF IN OPPOSITION

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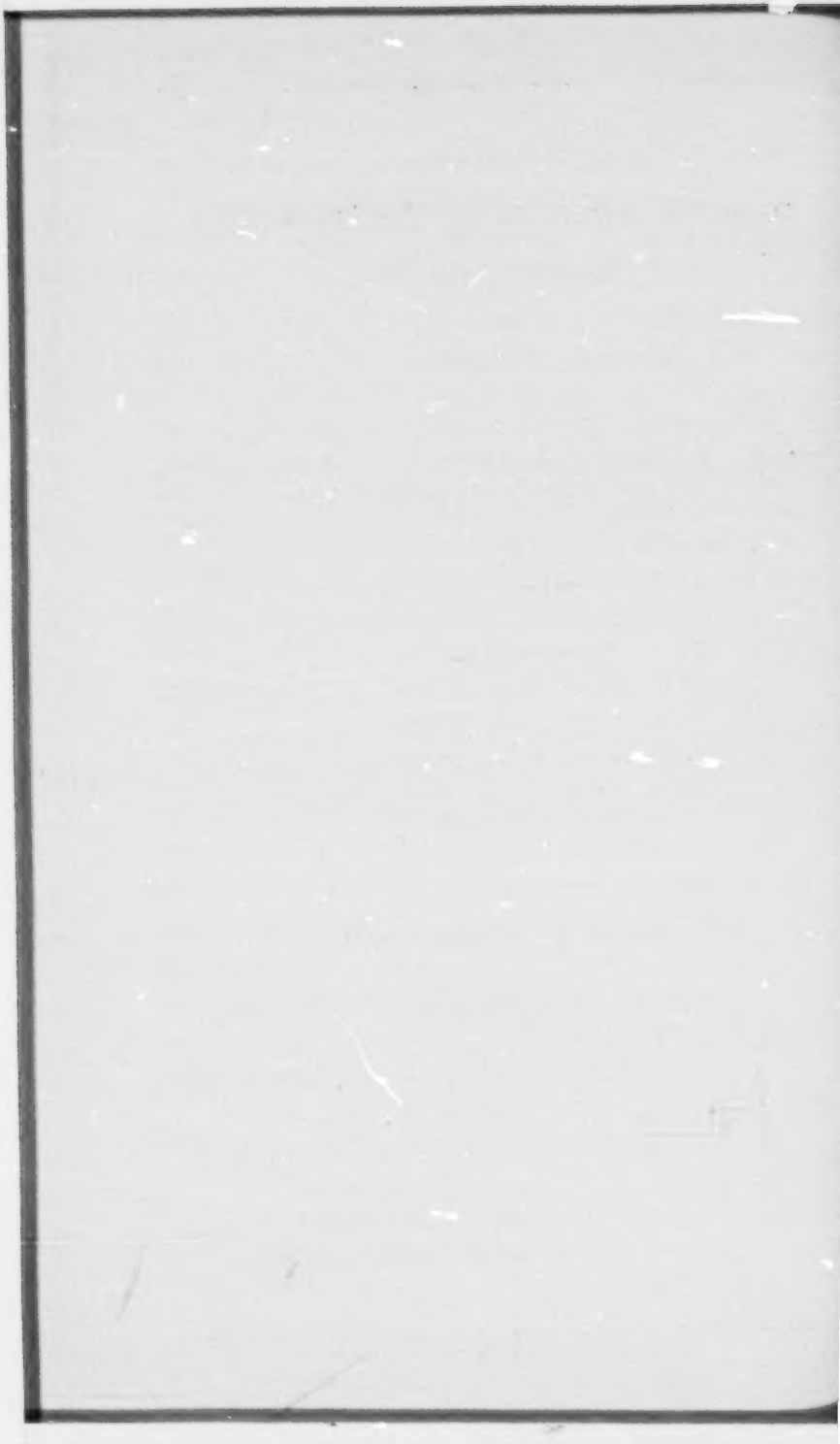

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IN THE

Supreme Court of the United States

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ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF IN OPPOSITION

Jurisdiction.

Petitioners invoke this Court's jurisdiction under 28 U. S. C. § 1254(1).

The judgment of the Court of Appeals was entered on May 17, 1955. A petition for rehearing was denied on July 14, 1955.

The District Court's jurisdiction was based upon the federal registration of respondent's "Dutch Boy" trademark as well as on diversity of citizenship, under 28 U. S. C. §§ 1332, 1338 and 2201, and 15 U. S. C. §§ 97 and 1121. The jurisdiction of the Court of Appeals rested on 28 U. S. C. § 1291.

Opinion Below.

The opinion of the Court of Appeals is reported at 223 F. 2d 195. It is also printed as Exhibit A annexed to the petition.

Statement of the Case.

The questions set out in the petition assume facts which are not supported by the record and thus are not the true questions presented by this litigation. Accordingly it becomes necessary to state briefly the facts as found by the Court of Appeals and established by the record.

Respondent is the owner of the registered trademark "Dutch Boy", which it has extensively used and advertised for various paint and paint products for over 40 years. The validity of this trademark is conceded by petitioners (petition, p. 14) and was expressly sustained by the Court of Appeals (223 F. 2d at 197-199).

The accused marks are "Dutch", "Dutch Paint" and "Dutch Paint Co.", used by petitioners on paints and paint products.

Petitioners entered the paint business in 1946, doing business as jobbers under the name "Manning-Mitchell, Inc.", and subsequently purchased for $9,008.45 (PX 114)[1]—not $33,000 as stated in the petition (p. 7)—the entire assets of a small unknown partnership called "Dutch Paint Co."[2] (223 F. 2d at 198).

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[1] The symbols "PX" and "DX" are used to denote Petitioners' and Respondent's exhibits, respectively. Pursuant to order of the Court of Appeals, exhibits were not reproduced in the record below.

[2] The petition (pp. 3, 7) gives the impression that this concern had been using and selling "Dutch Paint" since 1941, although the Court of Appeals stated:

> "The district court's findings erroneously recite that this Dutch Paint Co. had been producing 'Dutch Paint' since 1941. There is no evidence upon the subject other than that 'Dutch Paint Co.' was listed in the telephone book from 1941 on. When it began producing, or when it made its 'Dutch Paint' labels, does not appear." (223 F. 2d at pp. 198-199, f.n. 2).

In 1947 petitioners began to emphasize the names "Dutch" and "Dutch Paint" (R. 1888-89, 1894, 656-8, 944, 965, 978) and embarked on an extensive campaign of false and misleading advertising designed to create the impression that their "Dutch" paint was in fact respondent's famous "Dutch Boy" paint sold at a lower price, or was a cheaper line put out by the makers of "Dutch Boy". Although they had never been in business before the war, and had never advertised their paints nationally, their advertisements featured the slogans, "New, Lower Than Pre-War Prices on Dutch Paint" (PX 168; DX Z, 1-E, 1-F, 5-W, 5-Z), "Nationally Advertised Dutch Paint" (DX 6-F), and "Quality Famous Dutch Paint" (DX 6-H)—all listed as selling at "Half Price" or "50% of the Normal Price" (DX 1-G, 1-H, 1-J).

These statements were all false as to petitioners' "Dutch" paints, but were clearly applicable to respondent's "Dutch Boy" paints. The prices listed were petitioners' regular prices (R. 1023), but were about 50% of the price of "Dutch Boy" (R. 1691, 1731, 1733); the products advertised had no pre-war prices; they were not nationally advertised and were not quality famous. The Court of Appeals properly characterized petitioners' advertising program as "intentionally false and misleading and done with a purpose on their part of deceiving purchasers" (223 F. 2d at 202).

This purpose of deceiving purchasers was fully achieved. The record contains uncontradicted proof of over 290 instances of actual confusion of the trade and the consuming public (See 223 F. 2d at 201).

In 1947 petitioners' partner assured respondent that they would discontinue their use of "Dutch" as soon as their label supply was exhausted (R. 1880, 1895). This was not done. In March, 1948, respondent discussed with petitioners the question of ceasing the use of "Dutch"

(R. 2229-2230, 511-512, 2452; see 223 F. 2d at 202). A notice of infringement was sent by respondent in mid-1949 (PX 154, R. 23-24) and this suit was commenced on October 1, 1949.

The Decisions Below

The action is in form a suit for declaratory judgment brought by petitioners, in which respondent counterclaimed for infringement and unfair competition. The trial judge died after trial but before decision, and in July, 1951 the case was submitted to another District Judge for decision on the written record (R. 2514-2518). The case was decided in petitioners' favor in July, 1952, without opinion (R. 30-31), and judgment was entered in January, 1953, declaring that "Dutch" and "Dutch Paint" were not confusingly similar to "Dutch Boy" and that there was no infringement or unfair competition (R. 84-86).

The Court of Appeals, after a comprehensive review of the facts and the law, unanimously reversed the District Court, holding that its findings and conclusions were "clearly erroneous" (223 F. 2d at 201, and *passim*). The Court of Appeals found that the accused terms, "Dutch", "Dutch Paint" and "Dutch Paint Co.", are confusingly similar to "Dutch Boy" in appearance, sound and meaning. It concluded that not only was there a strong likelihood of confusion but that in fact there had been widespread confusion (223 F. 2d at 201).[3]

Finding also that petitioners had been guilty of "false and misleading advertising", and of "a deliberate and intentional design to cause confusion and mistake and to

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[3] As the Court of Appeals pointed out, petitioners conceded that their use of the word "Dutch" was the cause of this confusion:

> "Apparently appellees have abandoned any effort to sustain this finding of no confusion, for speaking of the testimony of appellant's witnesses on this point, appellees' brief says that 'it is apparent that the presence of the common word "Dutch" was the sole cause of their several mistakes'." (223 F. 2d at 201, f.n. 9).

deceive purchasers", the Court of Appeals held that both trademark infringement and unfair competition had been established, and ordered an injunction and an accounting of profits and damages (223 F. 2d at 205-206).

Petitioners attempted to defend their deliberate infringement on the grounds of laches, acquiescence and estoppel. The Court of Appeals held that the attempted proof of laches was "too trivial to require serious consideration", that the claim of acquiescence was "equally groundless"[4] and that estoppel was "wholly wanting" (223 F. 2d at 202-203).

Petitioners also sought to justify their infringement on the ground that the word "Dutch" has a geographical and descriptive significance in the paint industry. The Court of Appeals held that this was no defense since petitioners are not themselves using "Dutch" in either its geographical or its descriptive sense (223 F. 2d at 199-200).

Finally, petitioners contended that by virtue of certain uses by third parties of the word "Dutch", alone or in combination with other words, "Dutch" had become *publici juris* and available for use by anyone as a trademark. The Court of Appeals pointed out that as to a number of the alleged third-party uses there was no proof of any use

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[4] The statement in the petition (pp. 5-6) that respondent directly acquiesced in petitioners' fraudulent advertising is unfounded and completely ignores the finding of the Court of Appeals, based upon a careful review of the evidence, that there was no acquiescence (223 F. 2d at 202-203). The petition also quotes (p. 3) only a portion of a letter which the Court of Appeals held was not admissible in evidence and in any event had no significance in support of the claims of acquiescence and estoppel (223 F. 2d at 203, f.n. 12). In addition, the petition makes some highly inaccurate references (pp. 3, 7) to a Government antitrust suit involving respondent, despite the complete irrelevance of such litigation and the absence of any evidence with respect thereto in this record, and despite the fact that petitioners' separate action charging respondent with antitrust violations was dismissed by the District Court and its judgment was unanimously affirmed by the Court of Appeals for the Ninth Circuit (*Wolfe et al.* v. *National Lead Company, et al.*, No. 13966, June 27, 1955, 1955 C. C. H. Trade Cases, ¶ 68,094).

at all, that others had been discontinued many years ago, that others had been used only to a limited extent or had been confined to local areas, and that still others were truthful geographical or descriptive uses. It held that on no theory could these third-party uses justify petitioners' acts (223 F. 2d at 203-205).

Questions Presented.

As is shown in our Argument, the questions which the petition alleges are presented for review in this Court (petition, pp. 7-8) do not in fact arise in this case. They find no basis either in the record or in the opinion of the Court of Appeals, and they assume facts which are directly contrary to those found by the Court of Appeals.

What petitioners are actually seeking is a further review on the merits in this Court of the issues of fact and law which were fully considered by the Court of Appeals and were decided adversely to petitioners in a thorough and well-reasoned opinion.

Argument.

Far from presenting a question which warrants review by this Court on certiorari, petitioners have not even submitted any issue truly raised by the record in this case.

The first question set forth in the petition (p. 7)[5] is entirely academic and is not supported by the record in this case for the following reasons:

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[5] For the Court's convenience, this question is quoted at length:

"(1) Whether under the trademark laws the respondent can secure a proprietary monopoly in the word 'Dutch' as applied to paint and paint products where

(a) the word 'Dutch' is admittedly generically descriptive of a process and a geographical location;

(b) the respondent has acquiesced in third party uses for over several decades;

(c) the respondent has acquiesced not only in petitioners' use of the word 'Dutch' but in the actual advertising materials that were used."

1. Petitioners admittedly (R. 2292-2293) do not use "Dutch" either descriptively or geographically [clause (a)]. The Court of Appeals expressly held that "Dutch" had not in fact become generic (223 F. 2d at 205).

2. The Court of Appeals expressly found that "the third party uses as are shown are not such as would permit an inference of acquiescence" [clause (b)]. (223 F. 2d at 205).

3. As stated above (p. 5), the Court of Appeals expressly held the claim of acquiescence to petitioners' use of "Dutch" to be "groundless" [clause (c)].

4. The Court of Appeals accorded respondent no "monopoly" in the word "Dutch". It merely held, in view of the validity of respondent's "Dutch Boy" trademark, the similarity in sound, appearance and meaning of the marks in controversy, and the uncontradicted evidence of widespread public confusion, that likelihood of confusion existed and infringement and unfair competition had therefore been established.

There is not now and never has been any question here of a monopoly in the word "Dutch". The Court of Appeals expressly so stated in its opinion:

> ". . . no one questions the possibility of using the word 'Dutch' in a geographical or descriptive sense." (223 F. 2d at 204).

But the right of others to make a truthful, nonconfusing use of "Dutch" in these senses does not confer any right on petitioners to use "Dutch" arbitrarily, as a trademark, in such a manner as to confuse. The Court of Appeals made it abundantly clear that petitioners had not brought themselves within the privilege of a truthful use of "Dutch":

> "The fact that 'Dutch' as a dictionary term has a geographical significance and that it would be pos-

> sible for a manufacturer to use that word in connection with his business in its primary geographical sense is beside the point here. Thus one who manufactures paint in Holland cannot be restrained from selling his product as 'Dutch' paint any more than a watch manufacturer in Switzerland can be prevented from selling his 'Swiss' watches. No use of the word 'Dutch' in a geographical sense is involved here. . . .
>
> • • • • •
>
> As the appellees are not making their paints in Holland or using any Dutch processes or giving them any distinctive Dutch quality, the fact that others might have done so is of no significance in this case." (223 F. 2d at 200).

In short, the fact that others may use "Dutch" truthfully in a non-confusing manner does not give petitioners a license to deceive the public.

All that is involved in this case is a clear and deliberate infringement of and unfair competition with the concededly valid trademark "Dutch Boy". There is no conflict with the decisions of this Court or any Court of Appeals. On the contrary, the decision of the Court of Appeals is fully in accord with *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corporation*, 305 U. S. 315 (1938), in which this Court rejected virtually the same contentions as those now raised by petitioners here.

In the *Nu-Enamel* case, there had been a specific finding that the descriptive word "Nu" or "New" was commonly used in the industry. The defendant argued that regardless of the validity of plaintiff's mark "Nu-Enamel", it was free to use "Nu-Beauty Enamel" because "Nu" and "Enamel" were descriptive, generic, and in common use by third parties. This Court, however, affirmed the decision of the Court of Appeals that "Nu-Enamel" was a valid trademark and was infringed by "Nu-Beauty Enamel". An absolute injunction was issued by the Dis-

trict Court upon this Court's mandate, restraining defendant from using the words "Nu-Beauty Enamel" or "New Beauty Enamel" (Final Decree entered May 31, 1939, Northern District of Illinois, Eastern Division, In Equity No. 14284).

The owner of a trademark which initially consisted of descriptive terms was thus held entitled to enjoin the use of a confusingly similar mark, which included the same commonly used descriptive terms. It follows, *a fortiori*, that respondent, as the owner of the valid, arbitrary, fanciful trademark "Dutch Boy", is entitled to enjoin the use of the confusingly similar term "Dutch" which the petitioners are *not* using descriptively or geographically.

None of the cases which petitioners cite as being in conflict with the decision below is in point.

Thus, *Columbia Mill Company* v. *Alcorn*, 150 U. S. 460 (1893) merely held that for a number of reasons the plaintiff did not have a valid trademark in the word "Columbia" alone. There being no right in the plaintiff, no question of any infringement by defendant could arise. This decision clearly has no bearing on the present case, where respondent has a valid trademark in "Dutch Boy" which the Court of Appeals has held is infringed by the petitioners' use of "Dutch". Significantly, this Court in the *Columbia Mill Company* case cited *Delaware & H. Canal Co.* v. *Clark*, 13 Wall. (80 U. S.) 311 (1872) which illustrates the basic fallacy of petitioners' position. This Court there held that the defendant could properly use the name "Lackawanna" for coal mined in the Lackawanna valley—since defendant had the justification of truth—but contrasted that situation with *Newman* v. *Alvord*, 51 N. Y. 198 (1872), where the non-truthful use of a geographical term was enjoined.

Hamilton-Brown Shoe Co. v. *Wolf Bros. Co.*, 240 U. S. 251 (1916) held that "American Girl" was a valid trade-

mark for shoes (the accused mark being "American Lady"), and is direct authority for the validity of respondent's mark "Dutch Boy". This Court's dictum, on which petitioners rely, that "American Shoes" might not be a valid trademark (for shoes manufactured in America) has no bearing upon this case, where respondent's trademark is concededly valid and petitioners are using "Dutch" in a confusing manner on a paint not manufactured in Holland.

The *Saxlehner* cases cited by petitioners (p. 17) involved trademarks which through long use had become generic terms for the products in connection with which they were originally used, as was true of "aspirin" and "cellophane" (*Bayer Co., Inc.* v. *United Drug Co.*, 272 Fed. 505 (S. D. N. Y., 1921); *Dupont Cellophane Co.* v. *Waxed Products Co.*, 85 F. 2d 75 (2 Cir. 1936) *cert. denied* 299 U. S. 601). They have no application here, where the Court of Appeals expressly stated:

> "We find here no evidence that an originally distinctive mark changed or developed into a generic term." (223 F. 2d at 205).

Crowell Publishing Company v. *Italian Monthly Company, Inc.*, 28 F. 2d 613 (1928), which the petition states was a decision of the Court of Appeals but which was in fact an opinion by the District Court, is not in conflict with the decision in the present case. The District Court held that the owner of the mark "The American Magazine" was not entitled to a preliminary injunction against the use of "The New American" on a publication which it found was totally different in appearance and contents and was intended for circulation among new American citizens of Italian descent. Moreover, there was no evidence of any confusion.

Petitioners also urge, as a ground for granting the writ, that the action of the Court of Appeals in reversing

the District Court and substituting its own findings and conclusions is in conflict with this Court's decision in *U. S.* v. *Oregon State Medical Society, et al.*, 343 U. S. 326 (1952).

This suggestion of conflict is utterly without foundation. This Court in the *Oregon State Medical Society* case merely expressed its reluctance to review a voluminous and complex anti-trust record on direct appeal from a District Court, and indeed stressed the importance of review of the facts by a Court of Appeals, saying:

> "The direct appeal procedure does not give us the benefit of review by a Court of Appeals of findings of fact" (323 U. S. at 330).

In the present case the Court of Appeals reviewed the facts and the law as was its function under the Rules and settled case authority, and upon determining that the findings and conclusions of the District Court were "clearly erroneous", it properly reversed the judgment below.[6]

An Accounting Was Properly Ordered

Next, on the assumption that the Court of Appeals erred in finding statutory trademark infringement, petitioners complain of the granting of an accounting under the provisions of the statute and pursuant to the rule of

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[6] See Rule 52(a), Federal Rules of Civil Procedure. Since the District Judge decided the case solely on the written record and did not hear or see the witnesses, the scope of review by the Court of Appeals was even broader than in the ordinary case. See, e.g., *Smyth* v. *Barneson*, 181 F. 2d 143, 144 (9 Cir. 1950); *Equitable Life Assurance Society* v. *Irelan*, 123 F. 2d 462, 464 (9 Cir. 1941); *Orvis* v. *Higgins*, 180 F. 2d 537, 539 (2 Cir. 1950); *Jonah* v. *Armstrong*, 52 F. 2d 343, 345 (10 Cir. 1931); *Hopkins* v. *Texas Co.*, 62 F. 2d 691 (10 Cir. 1933), cert. denied 290 U. S. 629; *Federal Deposit Ins. Corp.* v. *Siraco*, 174 F. 2d 360, 363 (2 Cir. 1949); *F. W. Stock & Sons, Inc.* v. *Thompson*, 194 F. 2d 493, 495-496 (6 Cir. 1952). In the Court of Appeals petitioners did not dispute the broad review permitted to that Court under these authorities, and merely urged that the findings and conclusions of the District Court were correct.

Mishawaka Mfg. Co. v. *Kresge Co.*, 316 U. S. 203 (1942). This contention forms the basis for the second question set forth in the petition (pp. 7-8, 18-20).[7]

This question, like the first, is in fact not presented by the record in this case.

1. The Court of Appeals correctly found that petitioners had infringed respondent's concededly valid registered trademark "Dutch Boy", and awarded an accounting of profits and a recovery of damages as expressly provided by statute (15 U. S. C., § 1117). It directed that such accounting be conducted pursuant to the rule laid down by this Court in the *Mishawaka* case, by which it and the District Court are of course bound.

2. Even if there were no statutory trademark infringement here, the law is clear that in cases of deliberate unfair competition an accounting of profits and damage will normally be ordered.[8]

Neither of the cases cited by petitioners (petition, pp. 18-20) is to the contrary. In both *Brook Bros.* v. *Brooks Clothing of California, Ltd.*, 60 F. Supp. 442, affd. 158 F. 2d 798 (9 Cir. 1947), and *Horlick's Malted Milk Corp.* v. *Horluck's* 59 F. 2d 13 (9 Cir. 1932), the court recognized its power to grant an accounting, but refused in its discretion to do so because of the particular circumstances of the case.

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[7] This question reads as follows:

> "(2) Whether the Court of Appeals' order to base damages on this Court's decision in *Mishawaka Mfg. Co.* v. *Kresge & Co.*, 316 U. S. 203 is a warranted extension of the decision to cases involving no proof of lost sales and a question of unfair competition rather than direct trademark infringement?"

[8] See, e.g., *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U. S. 169, 204 (1896); *Matzger* v. *Vinikow*, 17 F. 2d 581 (9 Cir. 1927); *Florence Mfg. Co.* v. *Dowd*, 189 Fed. 44 (2 Cir. 1911); *Dad's Root Beer Co.* v. *Doc's Beverages*, 193 F. 2d 77 (2 Cir. 1951).

3. If petitioners are complaining at this stage of the proceedings concerning the possible misapplication of the *Mishawaka* rule to the accounting proceeding, their complaint is premature. Should the District Court fail properly to interpret and apply the *Mishawaka* rule upon the accounting, it will then be time for petitioners to appeal to the Court of Appeals, and, if error be committed there, to seek review by this Court.

Conclusion.

The Court of Appeals correctly found petitioners guilty of wilful and deliberate infringement and unfair competition, and awarded the relief provided for by statute. Its decision is fully in accord with the authorities, including this Court's decision in *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corporation*, 305 U. S. 315 (1938), and serves public policy by enjoining the continuation of a deliberate scheme to confuse and mislead the public.

There is thus no conflict with any decision of this Court or of any Court of Appeals. There is here no important question of federal law which has not been settled by this Court.

Accordingly, respondent respectfully urges that the petition be denied.

September 15, 1955.

Respectfully submitted,

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